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Editor's Notes Internationalizing the Accounting Curriculum

The rapid growth of multinational corporations has affected the entire field of accounting and hence the accounting curriculum in our universities. A challenge facing accounting faculty in the business schools of the 1980s is how to go about internationalizing the accounting curriculum.

Both the American Assembly of Collegiate Schools of Business (AACSB) and the American Accounting Association have called for revisions in the accounting curriculum to deal with this change.

The AACSB requires, in their accreditation standards, that the curriculum of business schools reflect international, as well as domestic, aspects of business. They further issued an interpretation stating that no single approach is required to satisfy the international dimension of the curriculum standard.

The American Accounting Association (AAA), on the other hand, urges the internationalization of the entire accounting curriculum. The AAA established a Committee on International Accounting to study and identify the different methods of operation used by domestic companies in their operations abroad and by foreign based companies operating in the U.S.

The Committee issued a report which concluded "that Multinational Enterprises (MEs) exist in political, cultural, legal, business and economic environments which are quite different in each country. Most companies have had little experience operating in more than one of these environments until the last decade. The report also concluded that differences between environments do complicate and place constraints on the operations of MEs, but ample opportunities exist which provide major incentives for MEs to operate in many countries."

The report recommends a "much more extensive education for accountants in all areas of international operation." The committee made the following recommendations:

- The entire accounting curriculum should be internationalized.

- Develop courses on specialized aspects of international accounting.
- Direct the teaching approach to topics that expand across national boundaries (e.g., inflation).
- Ensure an understanding of the international variables and the world monetary system.

Universities are adopting various approaches to satisfy the international requirements for their college of business. Current trend in the last two years is the addition of an "International Accounting" course on the graduate level. This is a very feasible approach since the publication of several international accounting textbooks, particularly the 1984 Choi/Mueller book which contains chapters on foreign currency translation, inflation, financial reporting and disclosure, analyzing foreign financial statements, auditing, managerial accounting, and transfer pricing and international taxation.

Another text published in 1984 that is worth mentioning is *International Accounting* by H. Peter Holzer (Harper & Row) which contains chapters on some specialized areas, such as: financial accounting and reporting for international business operations, U.S. taxation of foreign source income, aspects of international corporate taxation, managerial accounting, problems of MEs, and auditing standards. The remaining chapters cover accounting reporting and standards of various countries: United Kingdom, France, Germany, Japan, Socialist countries, Third World countries, etc. This text introduces international accounting from a comparative viewpoint; whereas, the Choi/Mueller book is oriented toward a theoretical approach to the subject.

A much more difficult approach is to integrate the international dimension into the accounting courses already offered (AAA recommendation). The International Division of the AAA has identified by topic those areas within each accounting course which may be internationalized. Offered as a limited,

and by no means inclusive example, are:

- Managerial Accounting:
 - International Cash Management
 - Financial Planning (Capital Budgets)
 - Management Information Systems of MEs
 - Performance Evaluation of Foreign Subsidiaries
 - Transfer Pricing
- Auditing:
 - The Attest Function — General Auditor's Reporting Standards
 - Relations with Foreign Subsidiary Auditors
 - Internal Auditing in an International Environment

A comprehensive list of topics and suggested teaching materials for the undergraduate accounting curriculum is available from the International Division of the AAA. Covering international accounting in this manner is more difficult because of the time constraints involved, the exposure of the individual faculty member to international aspects of accounting, and the discretion and judgment of each faculty member as to what to include or exclude by way of international material into a traditional course.

A partner in one of the Big Eight accounting firms stated that accounting students can best be prepared for a good foundation in international accounting by giving them the best possible education in understanding U.S. generally accepted accounting principles. He further explained that U.S. accounting principles are well developed and far ahead of those of most other countries. The most difficult problem facing U.S. firms with foreign branches, divisions, or subsidiaries is the restatement of these foreign financial statements to conform with U.S. GAAP. Differences in GAAP do exist and they must be reconciled before translation and consolidation can take place.

This challenge and opportunity has been thrust upon the academic environment because of the rapid growth of multinational corporations and their impact on the entire accounting field. I am equally certain that accounting educators in the collegiate schools of business are meeting this challenge through one of the avenues mentioned. Ω

Glenda E. Ried